



January 11, 2013

Via Electronic Mail

Patrick Young
California Public Utilities Commission
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RE: LSA Comments on TPP Renewable Portfolios

Dear Patrick:

LSA appreciates the opportunity to comment on the proposed Renewable Resource Portfolios ("Renewable Portfolios") and commends the CPUC, CEC and CAISO for continuing to work toward additional alignment between the agencies. LSA supports increased consistency between the scenarios, portfolios and assumptions. As such, the comments below focus on several areas where the assumptions used in and process used for developing the Renewable Portfolios need to be clarified or improved in order to achieve greater consistency and ensure the accuracy and usefulness of the portfolios.

1. The Renewable Portfolios should be aligned with the adopted LTPP scenarios and the TPP Process

LSA encourages the CPUC and CEC to reevaluate the Renewable Portfolios and ensure they are aligned with the recently adopted LTPP scenarios and with CAISO's transmission planning assumptions. LSA does not understand why the proposed Renewable Portfolios weren't developed as part of the LTPP proceeding as outlined in the Scoping Memo or why the adopted LTPP scenarios do not appear to inform the Renewable Portfolios as required by D. 12-12-010.¹ If the scenarios are intended to inform the Transmission Planning Process ("TPP"), and the Replicating TPP scenario was developed to enable closer coordination between the processes, then logically the Renewable Portfolios should be reflective of the Replicating TPP scenario. However, this does not appear to be the case.

¹See Scoping Memo and Ruling Of Assigned Commissioner and Administrative Law Judge (May 17, 2012), p. 9 and D. 12-12-010 Re: Adopting Long-term Procurement Plans Track 2 Assumptions and Scenarios (December 20, 2012), Attachment A, pp. 7 and 16.

LSA is particularly concerned that the Renewable Portfolios do not use the Replicating TPP loads, which should be the starting point for aligning the Renewable Portfolios with the TPP. Because CAISO needs to plan for adverse conditions in order to ensure the reliability of the transmission system its load assumptions are higher than the LTPP base case. The Replicating TPP scenario was developed to reflect this key difference and to provide a common basis for analysis between the LTPP and TPP. The failure of the Renewable Portfolios to utilize the Replicating TPP loads will lead to at best, inefficient transmission planning and at worst, to an unreliable transmission system.²

The proposed Environmental Scenario is also of concern because it includes large amounts of “generic projects” instead of commercial (discounted core) projects. Basing the Renewable Portfolios on large amounts of generic projects, rather than existing commercial projects currently planned or under development will yield inaccurate results and threatens to undermine existing projects. This is an outcome the CPUC and CEC should avoid. Furthermore, it is unclear in both the Renewable Portfolios and updated Renewable Net Short (“RNS”) calculator which projects are accounted for as part of the commercial interest and discounted core. LSA recommends that this be clarified by including a breakdown in the Renewable Portfolios of all discounted core and commercial interest projects, similar to the distributed generation summary.

LSA also wants to ensure that the addition of 250 MW of projected biogas to the RNS in now way interferes with or displaces commercial projects with signed, approved PPAs, LGIAs and other indicators of serious commercial development. LSA cautions the CPUC and CEC that the latest legislative mandate should not be used in a fashion that undermines good faith commercial commitments undertaken to fulfill prior legislative mandates.

In general, the CPUC and CEC have not adequately explained the adjustments made to the scenarios and assumptions. Parties need more information to better understand why, after the adoption of the scenarios, following a six-month formal vetting process, the CPUC and CEC are now making additional modifications. Any adjustments to the scenarios and assumptions should have taken place within that process. If changed after the fact, the adjustments should be specifically designed to ensure that the Renewable Portfolios better serve the CAISO TPP needs. Logically, and at a minimum CPUC and CEC staff should use the Replicating TPP loads and provide a more detailed explanation of the assumptions used in the adopted scenarios and those it is proposing for the Renewable Portfolios for the CAISO TPP.³

2. The Renewable Portfolios could be improved by adding a stress case

The usefulness of the proposed Renewable Portfolios, for purposes of the transmission planning process, is to determine where new transmission may be needed, and what it would cost to add that transmission, so that developers, utilities, and ultimately the CPUC

² See LSA Reply Comments on the Standardized Planning Scenarios (October 19, 2012).

³ See Net short tab in Portfolios_111512.xls. The base case load is 267,152.2 GWh while the Replicating TPP load is 288, 854 GWh.

can make informed decisions. If transmission planning is limited to the existing transmission, or expansion related to only a percentage of discounted core projects (which does not include all projects with PPAs or LGIAs), no new or useful information will be provided in the resulting analysis. Yet the results will provide a misguided validation that it is possible to achieve 33% renewables solely by filling the existing transmission buckets and adding incremental upgrades. Even with the best intentions of utilizing “available or remaining capacity,” projects in good locations can fail. Therefore, for purposes of future transmission planning it would be more useful and worthwhile to include a stress case in the Renewable Portfolios in order to determine for each CREZ at what level, and at what cost, transmission upgrades and expansion would be required. The results of this type of analysis could then be used as a base case for flexible development throughout the state.

The stress case should be based on the smallest of amount of additional generation required to trigger an upgrade (rather than the current 67% threshold). Under a stress case analysis, all locations would have step increases to maximize capacity use and determine the trigger levels for transmission upgrades. The result would be a more useful analysis that would provide an indication of where it will be best to expand transmission for renewable development. These results and information from the stress case would be similar to what has been historically provided in the Transmission Cost Ranking Reports (“TRCR”), by each utility, yet would be more useful if provided through a comprehensive CAISO transmission ranking report based on system wide transmission planning. There is the possibility the Renewable Portfolios account for this in some way or that the information is already imbedded in the RPS calculator, but it is not clearly identified in a list of current upgrades or possible next level of upgrades that would be needed for additional generation.

3. The 67% threshold is unreasonable and needs to be modified to plan for actual system needs

The “67% threshold” requirement remains unrealistic and would preclude nearly all, if not all, transmission upgrades. The 67% threshold requirement states that if existing or low cost transmission capacity is not available, discounted core resources will only be included in the portfolio if their energy accounts for at least 67% of energy deliveries of the triggered transmission upgrade. Otherwise, they will not be included and will have to compete against other resources, which are generally far less certain to materialize. This is an unreasonable approach, which fails to plan for actual system needs. The methodology needs to be more thoroughly vetted, and the calculation and assumptions more clearly defined to be a useful metric for identifying potential transmission upgrade(s). As recommended in LSA’s LTPP comments, this requirement could be improved by at a minimum relaxing the 67% hurdle.⁴

⁴ LSA Reply Comments at p. 5

4. Additional documentation should be provided for Incremental Resources

LSA would like to request more information on the concept of Incremental Resources that was discussed during the December 19th meeting. During the meeting, staff presented a table showing the proposed amount of Renewable Generation. It appears that the amount of proposed Renewable Generation in some CREZs differs from last year's portfolios.⁵ During the presentation, CPUC staff explained that the amount of generation in these CREZs is not necessarily the same as last year since they represent an "additional amount" that can be adjusted depending upon the amount of existing resources. However, this explanation fails to adequately account for the changes, and LSA would like more information regarding how these numbers were calculated.

5. The Eldorado assumptions need to be clarified

LSA would like staff to better describe the assumptions related to renewable resources around the Eldorado area. In the 2012/2013 CAISO Transmission Plan, the commercial portfolio contains 750 MW of renewable generation, including 500 MW of solar thermal and 250 MW of other large-scale solar. However, in the most recent proposed portfolio, only 407 MW of renewables are assumed in Commercial, Environmental, and High DG scenarios. In order to better understand the assumptions used in the calculator, LSA is requesting clarification about why this change was made and/or whether this is an error in the calculator.

In addition, as requested in comments in the LTPP Proceeding, LSA requests additional information about the Out-of-State ("OOS") generation assumptions.⁶ In particular, there is a lack of clarity about whether assumed OOS generation considers CAISO-area transmission needs to accommodate them (e.g., Eldorado Substation imports), when those transmission corridors are already pretty full.

6. It is premature to base environmental scores on the Draft DRECP Alternatives

LSA cautions the agencies against the use of Draft DRECP Alternatives ("Draft Alternatives") for environmental scoring in developing the Renewable Portfolios. While LSA understands the desire to include and plan for environmental regulations that are under development, LSA cautions the agencies against basing environmental scoring on the newly updated Draft Alternatives and proposed Development Focus Areas ("DFA"). The Draft Alternatives are both preliminary and undergoing multiple refinements. In addition, 70% of the DFA acreage in the Draft Alternatives is on private lands. The counties within the DRECP plan area have not yet weighed in regarding the status of these lands, and it's premature to utilize the Draft Alternatives as the basis for environmental scores. Furthermore, stakeholders are only just beginning to review the newly released Draft

⁵ Proposed Renewable Resource Portfolios for the 2013-14 Transmission Planning Process Presentation (December 19, 2012), p. 22.

⁶ LSA Comments on the Standardized Planning Scenarios (October 5, 2012), p. 3.

Alternatives (the first workshop was held on January 9th) and have not yet had an opportunity to develop comments on the merits or deficiencies of the Draft Alternatives. Moreover, it is unclear which and to what extent the Draft Alternatives are representative of the final scenario that will ultimately be included in the formal draft Environmental Impact Statement ("EIS"), which is expected to be released later this year. Therefore, we urge the CPUC and CEC to delay using the Draft Alternatives as the basis for environmental scoring until the draft EIS is released and there is some clarity regarding whether the counties will be DRECP permit holders.

In addition to the information requested above for commercial and discounted core projects, incremental resources, transmission assumptions and OOS resources, LSA asks that the environmental scores and mapping of the projects be made available for review by all stakeholders. .

LSA thanks the CPUC and CEC for the opportunity to provide these comments.

Sincerely,

A handwritten signature in blue ink, appearing to read "Rachel Gold".

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